



Market and Trade Data

Caribbean Basin Market Continues To Spell Opportunities for U.S. Consumer Foods and Beverages

By Joanna Apergis

Most Caribbean countries lack the arable land to cultivate enough food for their own populations. In addition, thousands of tourists descend on these islands on any single day. These two factors necessitate the pursuit of imports. Since their closest neighbors are usually other Caribbean islands with minimal exports, most food and beverage products must come from countries outside the region.

Caribbean importers have a long history of doing business with the United States. Their strong interest in U.S. exports is mainly due to close proximity (for countries as far south as the Leeward Windward islands), long-standing reputation of higher quality products and quality of service. Testifying to the reputation of U.S. products in the Caribbean, many local importers have noted that they can source some products from other countries, but none match the reliability in quality of their U.S. counterparts.

Regional Overview

This article covers Anguilla, Antigua and Barbuda, Aruba, the Bahamas, Barbados, Bermuda, the British Virgin Islands, the Cayman Islands, Dominica, Grenada, Guadeloupe, Montserrat, the Netherlands Antilles, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines, Trinidad and Tobago, and Turks and Caicos Islands. It does not deal with the markets in the Dominican Republic or Jamaica, which are covered by the FAS Offices of Agricultural Affairs in Santo Domingo and Kingston, respectively.

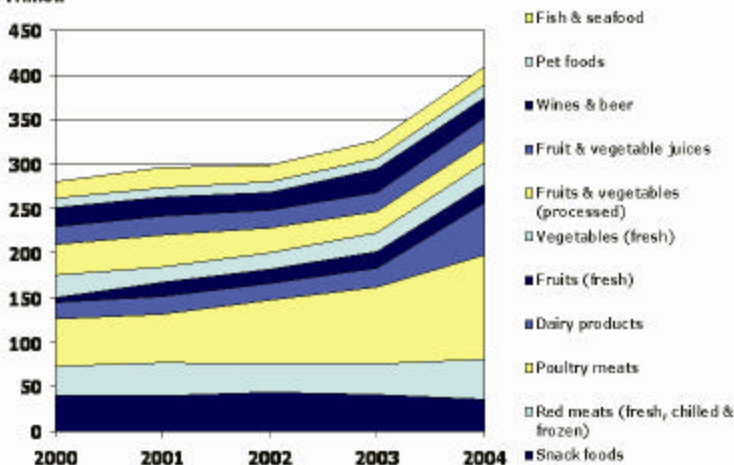
The economic health of the region depends heavily on its tourism industry. This industry is recovering gradually after several sluggish seasons, resulting from a slowing world economy and concerns about personal security after Sept. 11, 2001. As tourism continues to trend upward, economies in the region will strengthen and populations will expand, thus impacting the overall food product market. The total food market is expected to grow 3-5 percent over the next few years; the U.S. share of the market will likely rise, too.

Business Tips for Prospective Exporters

Many of the orders that importers place are small but frequent. Caribbean importers rely heavily on consolidators in South Florida for mixed container loads of products. As a result, a crucial part of doing business with Caribbean importers is building a relationship with a consolidator in South Florida (and sometimes New Jersey in the case of Bermuda).

Since some resorts and larger supermarkets often order larger shipments directly from suppliers, the main resources for medium to smaller sized retail and food service businesses are local importer/wholesalers, making them a good target for smaller U.S. exporters. These importer/wholesalers will work with prospective U.S. suppliers to find the best

Exports of Major U.S. Consumer-Oriented Products and Fish to the Caribbean Have Shown Strength in the Last Few Calendar Years
Several Consumer-Oriented Products Set Sales Records in 2004
\$ Million



Overview of Caribbean Market Opportunities for Foods and Beverages

Category	2003 Local Production	2003 Imports (\$ Million)	Annual Import Growth (5-Yr. Avg.)	Tariff Rate	Key Constraints on Market Development	Market Attractiveness for the United States
Fresh Fruits	Minimal	20,368	34.5%	0-20%*	The retail market is still a niche market, subject to the health of the economy. The HRI market depends on tourism growth.	Demand will continue to rise along with disposable incomes and increased local tourism.
Soybean Oil	Minimal	5,170	15.4%	0-20%*	The retail market is still a niche market, subject to the health of the economy.	Demand for soybean products is likely to increase as consumers gain a better understanding of these products.
Tree Nuts	Minimal	4,402	30.7%	0-25%*	The retail market is still a niche market, subject to the health of the economy.	Demand will rise along with disposable incomes and increased local tourism.
Dairy Products	Minimal	28,473	12.2%	0-20%*	The retail market is still a niche market, subject to the health of the economy. The HRI market depends on tourism growth.	Attractive to U.S. suppliers with market driven approach to business in the Caribbean.
Beef	Minimal	43,588	6.9%	0-20%*	The retail market is still a niche market, subject to the health of the economy. The HRI market depends on tourism growth.	Demand will continue to rise along with disposable incomes and increased local tourism.
Snacks & other Convenience Foods	Minimal	35,547	-2.7%	0-20%*	The retail market is still a niche market, subject to the health of the economy. The HRI market depends on tourism growth.	Demand will rise along with disposable incomes and increased local tourism.

means of delivering products and meeting local standards and regulations. Local importers usually stay informed of changing regulations and duties on food and beverage products.

Occasionally, items may be temporarily banned or duties increased if it is perceived that imports are competing unfairly with local production, or may pose a sanitary threat to plants or animals. For example, in selected islands, import licenses for chicken-leg quarters have been restricted in response to complaints from local processors; in the Bahamas, citrus fruit from Florida is prohibited due to the citrus canker outbreak.

But since Caribbean countries have a long-term trade relationship with the United States, most recognize and accept U.S. standards for food and agricultural products. Many countries apply the Codex Alimentarius standards for imports. Phytosanitary certificates from the country of origin must accompany imported fresh produce and plants. Health certificates must accompany live animals and animal products.

Most Caribbean countries also accept standard U.S. labeling including the standard U.S. nutritional panel. However, islands such as Guadeloupe and Martinique require food and beverage labels in French. Furthermore, EU (European Union) standards may apply for some EU territories. As always, good communication with local importers will help to secure compliance with local food laws and regulations.

HRI Sector Sizable

The HRI (hotel, restaurant and institutional) sector accounts for a large share of the Caribbean's consumer-oriented agricultural imports — 40-45 percent. The proportion of Caribbean hotels and restaurants independently owned varies widely, from 90 percent in Grenada to 25 percent in the Bahamas (Nassau in particular). This characteristic impacts the flow of imports, because the independent restaurant or hotel owner is more likely to source food and beverage products from local wholesalers. Larger chains of restaurants and hotels have the connections for direct imports from the United States and other countries, and can reap the concomitant economies of scale.

The Caribbean's HRI sector is growing along with its recovering tourism industry. The number of stay-over tourists in the region rose from 11.1 million in calendar 2003 to 11.7 million in 2004, a gain of 5 percent. Tourism is expected to grow an average 4.5 percent annually

through 2010. Local residents also have been dining out more often at fast-food and casual dining restaurants in recent years; tourism also affects this trend through its impact on per capita income. While corporate-owned resorts and hotels have boomed in recent years, individually owned food service businesses are still strong on all Caribbean islands. Local individually owned restaurants remain especially popular in countries such as Aruba and Barbados. Some of the world's most acclaimed chefs are working in the Caribbean. Using high-quality ingredients, these chefs and their restaurants often are a valuable platform for U.S. food and beverage products.

Retail Sector Dominant

About 55-60 percent of consumer-related agricultural imports in the Caribbean are destined for the retail sector, and most products stocked on the shelves of Caribbean stores are imported. As in the HRI sector, smaller retailers such as neighborhood

Consumer Food and Edible Fishery Product Imports									
Category	Imports from the World (\$ Million)			Imports from the United States (\$ Million)			U.S. Market Share (Percent)		
	2001	2002	2003	2001	2002	2003	2001	2002	2003
Meat and Meat Preparations	131.8	122.3	83.9	65.9	55.8	35.6	49.95%	45.62%	42.39%
Dairy Products and Eggs	117.5	106.8	86.2	19.9	20.2	17.5	16.96%	18.92%	20.33%
Fish, Crustaceans and Mollusks	42.1	45.3	35.8	9.9	8.5	6.9	23.55%	18.80%	19.52%
Cereals and Cereal Preparations	152.7	135.1	119.6	79.3	75.4	63.2	51.92%	55.82%	52.87%
Vegetables and Fruits	151.6	151.2	126.9	72.0	67.4	53.3	47.46%	44.53%	42.00%
Sugar, Sugar Preparations and Honey	54.7	52.0	44.4	10.4	11.4	6.5	18.97%	21.89%	14.71%
Coffee, Tea, Cocoa and Spices	27.1	28.4	25.2	9.3	9.1	7.6	34.47%	31.90%	30.29%
Miscellaneous Edible Products and Preparations	228.2	219.5	163.4	68.9	69.2	54.8	30.21%	31.53%	33.51%
Beverages	121.5	127.4	110.7	12.5	13.5	12.5	10.30%	10.57%	11.33%
Consumer-Oriented Agricultural Total	1027.2	988.0	796.2	348.1	330.3	258.1	31.53%	31.06%	29.66%

The Caribbean's Top 10 Suppliers of Consumer-Oriented and Fish Imports			
Country	\$ Million		
	2001	2002	2003
United States	625.43	288.76	392.89
United Kingdom	52.81	53.12	60.20
Netherlands	24.55	24.92	54.14
Trinidad and Tobago	53.59	46.85	51.56
New Zealand	24.80	24.77	28.37
Brazil	10.78	15.71	21.91
France	18.36	17.34	20.53
Jamaica	21.55	17.60	19.14
Argentina	3.96	5.73	17.85
Venezuela	4.38	2.59	15.73
World	1,104.21	732.93	970.80

markets buy most if not all of their products from local importer/wholesalers. These retailers have a slower sales turnaround and limited storage, which both lead to wholesale as a preferred option for sourcing food and beverage products.

In contrast, supermarket chains often have both local and U.S. or other foreign-based purchasing offices. They work closely with U.S. suppliers to find the best prices for products of interest. As in the case of the HRI sector, a consolidator in Miami, FL is crucial to these outlets' imports.

International retail chains in the Caribbean include Carrefour, PriceSmart and Cost-U-Less. Although some are fairly new, these retail outlets are doing reasonably well. However, mom-'n'-pop stores will continue to supply a large share of consumers' basic supplies. National and international convenience stores and gas marts are playing a growing role in consumer food purchases as well, contributing about 5-10 percent of total retail sales.

A new trend in supermarket and convenience stores is phoned or faxed orders from yachts. It is especially prevalent in the British Virgin Islands, and is spreading throughout the Caribbean.

The recent devaluation of the U.S. dollar compared to the euro is prompting Caribbean importers to favor U.S. food and beverage products over EU products, especially in countries with currency pegged to the dollar. EU imports at such high exchange rates are now much more costly.

Food Processing Sector Limited

Caribbean food processors mainly consist of companies producing wheat flour, rice and pasta products, bakery products and soybean products. Food processing is quite limited and highly concentrated in larger countries such as the Dominican Republic and Jamaica. In the islands covered by the FAS Caribbean Basin Agricultural Trade Office, food processors are more prevalent on Trinidad and Tobago and Barbados, and to some extent in St. Vincent. However, with few exceptions, in the rest of the Caribbean Basin islands, food processors are almost nonexistent. ■

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For more information on the Caribbean market, such as details about regulations and standards, visit the Caribbean Basin Agricultural Trade Office Web site: www.cbato.fas.usda.gov

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